

OGC 75-1463  
14 April 1975

STATINTL

MEMORANDUM FOR: [REDACTED]  
Assistant Legislative Counsel

SUBJECT : OLC Draft Letter on S. 653

I have examined the attached draft letter to Senator Ribicoff and believe it does the job. I have suggested a reordering of the last three paragraphs, but this is a matter of style and personal preference. I have also suggested language in the penultimate paragraph which goes further than the OLC draft in suggesting steps, short of legislation, which might be recommended.

STATINTL

[REDACTED]  
Office of General Counsel

Attachments

these conditions, he stated, "I do not feel called upon to object to the proposals advanced . . ."

GAO began auditing the vouchered accounts of this Agency in 1949. This was the same audit GAO conducted of other federal agencies. In the 1950's, however, GAO instituted the comprehensive audit, the purpose of which was to examine all agency financial transactions, as well as to evaluate the utilization of property and personnel, and the effectiveness and economy of the conduct of agency programs. Through negotiations between CIA and GAO, an expanded audit by GAO was instituted in 1959, but one which fell short of the full comprehensive audit in that it did not encompass the most sensitive agency accounts and operations. During these negotiations, the Comptroller General again expressed his support for section 8.

This arrangement was maintained until 1962. Despite the urging of the Director of Central Intelligence (Mr. McCone) and Chairman of the Committee on Armed Services of the House of Representatives (Mr. Vinson), GAO recommended that their audit be discontinued, stating their view that GAO did "not have sufficient access to make comprehensive reviews on a continuing basis that would be productive of evaluations helpful to the Congress." \*Chairman Vinson reluctantly agreed.

The decision of the Comptroller General to discontinue the audit of Agency activities was received with considerable reservation within CIA.

We reacted by establishing additional internal audit and review procedures which follow exactly the procedures and techniques that GAO employs. Nevertheless, we have always felt that an arrangement could be reached which would comport with GAO audit requirements and at the same time avoid endangering Intelligence Sources and Methods, which I have a statutory duty to protect. We would welcome any audit of vouchered funds. We would welcome GAO advice and even GAO supervision of the procedures we use to audit unvouchered expenditures. At the same time, I am compelled to state that an unfettered section 8b is essential to my ability to protect Intelligence Sources and Methods, and also critical to this Agency's ability to attract new sources of information.


A foreigner who cooperated with us may stand in danger of losing his life. Foreign intelligence and security services may wish to cooperate but cannot do so openly due to conflicting international and domestic political considerations. Most Americans who cooperate with us do so because confidentiality is maintained. We have always been able to assure those who assist us that no one outside CIA will have access to their records, and that only the absolute minimum number of Agency employees will know of the relationship. I believe the revelation that non-Agency auditors could gain access to their names or records might well discourage many of these people from future cooperation, and would certainly affect the assurance we could, in good faith, provide. We have already lost some cooperation, due to the fear of disclosure evoked by

the recent plethora of leaks and allegations about CIA activities and the situation may worsen. For these reasons I must oppose any legislation, including S. 653, which would authorize any additional access to our most sensitive records.

Sincerely,

W. E. Colby  
Director

\*Beginning of change

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<b>Remarks:</b>  Attached is a draft letter of our views on S. 653, a bill by Senator Proxmire which would authorize GAO, at the request of the congressional committees with legislative oversight of CIA, to audit any account or operation of the Agency. Please give me your views on the letter, and any additional arguments you can think of to oppose the bill, by April 11.   Assistant Legislative Counsel					
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